

JUSTIN D. HEIDEMAN (USB #8897)  
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*Attorney for RaPower-3, LLC,  
International Automated Systems, Inc.,  
LTB1, and Neldon Johnson*

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**IN THE UNITED STATES DISTRICT COURT  
IN AND FOR THE DISTRICT OF UTAH**

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UNITED STATES OF AMERICA,

Plaintiff,

vs.

RAPOWER-3, LLC, INTERNATIONAL  
AUTOMATED SYSTEMS, INC., LTB1,  
LLC, R. GREGORY SHEPARD, NELDON  
JOHNSON, and ROGER FREEBORN,

Defendants.

**DEFENDANT NELDON JOHNSON'S  
SUPPLEMENTAL RESPONSES TO  
UNITED STATES' FIRST  
INTERROGATORIES**

Civil No. 2:15-cv-00828-DN-BCW

Judge David Nuffer  
Magistrate Judge Brooke C. Wells

**Plaintiff  
Exhibit**

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COMES NOW, Defendant Neldon Johnson ("Mr. Johnson"), by and through counsel of record, Justin D. Heideman, of the law firm of Heideman & Associates, and responds to the interrogatories that were subject to the Order to Compel. Pursuant to Fed. R. Civ. P. 33, Defendant hereby submits these *Supplemental Responses to United States' First Interrogatories*: Defendant responds and states:

**INTERROGATORIES**

**INTERROGATORY NO. 10:** Identify the product (i.e. electricity, heat, hot water, cooling,

desalinization, solar process heat or any other product) that the Lens, Systems, and Components are intended to produce, either in the past, currently, or in the future. To the extent that any product has been produced or is being produced, identify when it was produced, in what form, in what measurable amount and the revenues received for such product.

RESPONSE NO. 10: Mr. Johnson, acting in his capacity as an officer of International Automated Systems (IAUS) responds and incorporates all white papers and declarations by experts that have conducted prior inspections, or will conduct inspections, which declare that the system, the lens, and the components are instrumental in the creation of a focal point of solar energy, which when introduced into other components of the system can, if desired, be used to generate heat, solar energy heat, desalinated water – which is a byproduct of the operation of steam turbines, and heat exchangers within the system; and electricity.

The system was designed specifically to be used – in the initial stages – as a commercial research and development (“R&D”) facility. The R&D was specifically geared toward the commercial application of the project. The project can best be defined as given in “Exhibit 1”, attached hereto and made a part hereof by reference.

**INTERROGATORY NO. 11:** Identify what, and how many Lenses, Systems, and Components have been placed in service, as defined in 26 U.S.C. § 48(a)(1) and Treas. Reg. § 1.46-3(d). Your response should include the dates any Lens, System, or Component was placed in service.

RESPONSE NO. 11: Defendant personally does not place Lenses, Systems, or Components in service. As such, Mr. Johnson lacks personal knowledge and is unable

to further answer the question.

**INTERROGATORY NO. 12:** Identify the costs you incurred to produce each lens, including the cost of procuring materials and manufacturing the final product that you sold to customers.

*RESPONSE NO. 12:* Defendant does not personally produce lenses or personally sell lenses to customers. Mr. Johnson has therefore not incurred costs to procure materials or manufacturing the final product.

**INTERROGATORY NO. 13:** Identify how you determined the price each customer must pay per lens, to include the amount of profit, amount of down payment, and the terms of repayment.

*RESPONSE NO. 13:* See the business plan attached hereto as “Exhibit 1” and which is made a part hereof by this reference. R&D on this project has been evaluated at between \$25 and \$30 million dollars. See also the schedule 10K and 10Q filings issued by IAUS. It should be noted however that Cobblestone – which is the manufacturing entity – has substantial R&D expenses associated with the manufacturing methods necessary to create the specific system components. Cobblestone’s methods are presently trade secret and documents pertaining to them are not in Mr. Johnson’s possession at the present time.

Mr. Johnson has never personally sold a product. Mr. Johnson has been an officer, or manager, of different companies involved in this process, and as such has some knowledge associated therewith. The information herein is provided in a good faith effort to comply with the Court’s Order. However, in Mr. Johnson’s personal capacity, he can offer only information for which he has personal knowledge.

**INTERROGATORY NO. 18:** Identify all attorneys or other tax advisors you consulted or from whom you received tax advice regarding any Lens, System, Component, including the dates consulted, the dates any advice was received, and the form of the advice (*i.e.* oral, email, memoranda, opinion letters, other written correspondence, etc.).

RESPONSE NO. 18: Mr. Johnson has not personally met with any attorneys in his individual capacity. Any attorneys he has met or spoke with was done in his capacity as an officer or official for IAUS or a manager of another of the Defendant companies. As a result, no additional information is available to produce in response to this interrogatory, as it is propounded to Mr. Johnson in his personal capacity.

**VERIFICATION OF RESPONSES**

As to Objections:

Dated this 3<sup>rd</sup> day of May, 2017,

**HEIDEMAN & ASSOCIATES**  
/s/ Justin D. Heideman  
JUSTIN D. HEIDEMAN  
*Attorney for Defendant*

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**VERIFICATION OF RESPONSES**

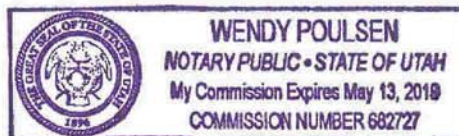
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing Supplemental responses to the United States' First Interrogatories to Neldon Johnson, are true and correct.

  
NELDON JOHNSON

Sworn & Subscribed to before me, a notary public, this 3<sup>rd</sup> day of May, 2017.

  
NOTARY PUBLIC

My commission expires on 5-13-2019



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**CERTIFICATE OF SERVICE**

On May 3, 2017, I hereby certify a true and correct copy of the forgoing **DEFENDANT NELDON JOHNSON'S SUPPLEMENTAL RESPONSES TO UNITED STATES' FIRST INTERROGATORIES** was served on the following:

<b>Party/Attorney</b>	<b>Method</b>
<p><i>Former Attorneys for Defendants</i>  James S. Judd  Richard A. Van Wagoner  Rodney R. Parker  Samuel Alba  Snow Christensen &amp; Martineau  10 Exchange Place 11<sup>th</sup> FL  P.O. Box 45000  Salt Lake City, Utah 84145  Tele: (801) 521-9000  Email: jsj@scmlaw.com  rvanwagoner@scmlaw.com  rparker@scmlaw.com  sa@scmlaw.com</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>
<p><i>Attorney for Defendants</i>  R. Gregory Shepard  Roger Freeborn  Donald S. Reay  Reay Law PLLC  43 W 9000 S Ste B  Sandy, Utah 84070  Tele: (801) 999-8529  Email: donald@reaylaw.com</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>

<p><i>Pro Hac Vice Attorney for Plaintiff</i>  Erin Healy Gallagher  US Department of Justice (TAX)  Tax Division  P.O. Box 7238  Washington, DC 20044  Phone: (202) 353-2452  Email: erin.healygallagher@usdoj.gov</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>
<p><i>Pro Hac Vice Attorney for Plaintiff</i>  Erin R. Hines  US Department Justice  Central Civil Trial Section RM 8921  555 4<sup>th</sup> St NW  Washington, DC 20001  Tele: (202) 514-6619  Email: erin.r.hines@usdoj.gov</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>
<p><i>Attorney for Plaintiff</i>  John K. Mangum  US Attorney's Office (UT)  Tele: (801) 325-3216  Email: john.mangum@usdoj.gov</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>
<p><i>Pro Hac Vice Attorney for Plaintiff</i>  Christopher R. Moran  US Department of Justice (TAX)  Tax Division  PO Box 7238  Washington, DC 20044  Tele: (202) 307-0234  Email: christopher.r.moran@usdoj.gov</p>	<p>Hand Delivery  U.S. Mail, postage prepaid  Overnight Mail  Fax Transmission  <input checked="" type="checkbox"/> Electronic Filing Notice</p>

**HEIDEMAN & ASSOCIATES**

*/s/ Samantha Fowlks*

SAMANTHA FOWLKS

Legal Assistant